PERSONAL HEALTH SERVICES FUNDING DISPARITIES

ISSUE

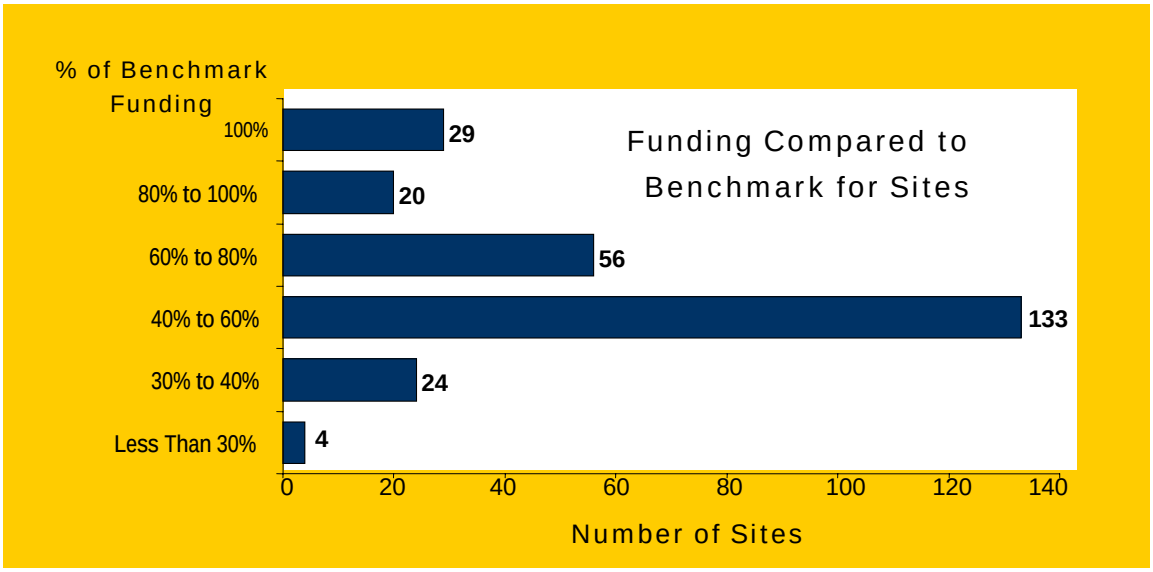
The average cost of mainstream health insurance plans is approximately 40% greater than the IHS funding level for American Indian and Alaska Native people. This funding gap limits health care services and contributes to the lingering disparities of death and disease among Indians.

BACKGROUND

The Federal Disparities Index (FDI) compares health care costs for Indians to costs of typical mainstream health insurance plans. Actuarial methods controlled for age, sex, and health status were used to price a typical health benefits plan for Indian people using costs of the Federal Employees Health Plan. The FDI does not address public health deficiencies and needs for safe water and waste disposal.

SITUATION

After discounting for Medicare, Medicaid, and private insurance coverage, the FDI results show that IHS funding fell $1.7 billion short of parity with the benchmark mainstream health plan. Part of the discrepancy is attributable to higher costs associated with a lower health status of Indians. About 160 IHS and Tribal health care delivery sites are funded at less than 60% of the benchmark cost.



OPTIONS/PLANS

Tribal leaders have sought substantial budget increases for Indian health care to close the resource disparity gap for health services for Indian people. Since FY 2000, the Congress has appropriated approximately $90 million for the Indian Health Care Improvement Fund, which was allocated to health services sites that are most resource deficient on the FDI scale (sites below 60% of the benchmark cost.) These funds have provided critical relief to some sites. But overall progress towards reducing the gap is slow due to a growing beneficiary population (approximately 2% per year) and rising medical prices (approximately 5% per year). The total increase in IHS appropriations since 2000 approximately offsets the total increase in costs due to more beneficiaries and higher prices. Although the IHS now serves 90,000 more beneficiaries than in 1999, per beneficiary disparity remains essentially unchanged.

ADDITIONAL INFORMATION

For referral to the appropriate spokesperson, contact the IHS Public Affairs Staff at 301-443-3593.